

By: Taylor of Collin

S.B. No. 938

A BILL TO BE ENTITLED

AN ACT

relating to certain rental-purchase agreements.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 92.001, Business & Commerce Code, is amended to read as follows:

Sec. 92.001. DEFINITIONS. (a) In this chapter:

(1) "Advertisement" means any ~~any~~ commercial message in any medium that directly or indirectly promotes ~~or assists~~ a rental-purchase agreement.

(3) "Consumer" means an individual who is offered or leases personal property under a rental-purchase agreement.

(5) "Loss damage waiver" means a merchant's agreement to not hold a consumer liable for loss from all or part of any damage to merchandise.

(6) "Merchandise" means the personal property that is the subject or proposed subject of a rental-purchase agreement.

(7) "Merchant" means a person who, in the ordinary course of business, regularly leases, offers to lease, or arranges for the leasing of merchandise under a rental-purchase agreement. The term includes a person who is assigned an interest in a rental-purchase agreement.

(8) "Rental-purchase agreement" means an agreement under which a consumer may use merchandise for personal, family, or household purposes for an initial period of four months or less, and

1 that:

2 (A) is automatically renewable with each payment
3 after the initial period; and

4 (B) permits the consumer to become the owner of
5 the merchandise.

6 (b) For purposes of this chapter, merchandise is displayed
7 or offered to consumers primarily for lease under a rental-purchase
8 agreement if the merchandise is displayed or offered at a place of
9 business that derives at least 50 percent of its revenue from
10 rental-purchase agreements.

11 SECTION 2. Subchapter A, Chapter 92, Business & Commerce
12 Code, is amended by adding Section 92.003 to read as follows:

13 Sec. 92.003. POINT-OF-RENTAL DISCLOSURES. (a) If a
14 merchant's merchandise is not displayed or offered to consumers
15 primarily for lease under a rental-purchase agreement, the merchant
16 shall make the following disclosures to a consumer before
17 presenting a rental-purchase agreement for specific merchandise to
18 the consumer for execution:

19 (1) the price for which the merchant would sell the
20 merchandise to the consumer for cash on the date of the disclosure;

21 (2) the amount of the periodic payments that would be
22 provided for in the agreement if it is executed on the date of the
23 disclosure; and

24 (3) the total number and amount of periodic payments
25 necessary to acquire ownership of the merchandise under the
26 agreement if it is executed on the date of the disclosure.

27 (b) The disclosures required by Subsection (a) must be made

1 separately from the rental-purchase agreement.

2 SECTION 3. Subchapter B, Chapter 92, Business & Commerce
3 Code, is amended by adding Section 92.0535 to read as follows:

4 Sec. 92.0535. ACKNOWLEDGMENT REQUIRED FOR CERTAIN
5 AGREEMENTS. If a merchant's merchandise is not displayed or
6 offered to consumers primarily for lease under a rental-purchase
7 agreement, the merchant shall provide to the consumer at the time
8 the agreement is presented to the consumer the additional
9 disclosures prescribed by this section. The disclosures must:

10 (1) be entitled "Acknowledgment of Rental-Purchase
11 Transaction";

12 (2) be on a separate page;

13 (3) be signed by the consumer before the consumer
14 signs the agreement; and

15 (4) include an acknowledgment that the consumer
16 understands the consumer is entering into a rental-purchase
17 agreement and that:

18 (A) under the agreement, the consumer does not
19 own the merchandise but may acquire ownership rights by complying
20 with the ownership option terms specified in the agreement;

21 (B) the agreement is not a credit transaction;

22 (C) the consumer has the right to return the
23 merchandise at any time without additional charge or penalty, and,
24 on the merchandise's return, the consumer will owe only unpaid
25 rental charges and fees;

26 (D) if the consumer fails to make a timely
27 payment, the consumer has a right to reinstate the agreement as

1 provided by the agreement and, if the merchandise is returned, the
2 consumer is entitled to rent the same merchandise or substitute
3 merchandise of comparable quality and condition if the consumer
4 complies with the agreement and any applicable law; and

5 (E) the consumer has reviewed and understands the
6 agreement, including the consumer's right and options to acquire
7 ownership of the merchandise and the total cost of the merchandise
8 if all scheduled payments are made.

9 SECTION 4. Section 92.0535, Business & Commerce Code, as
10 added by this Act, applies only to a rental-purchase agreement
11 entered into on or after the effective date of this Act. A
12 rental-purchase agreement entered into before the effective date of
13 this Act is governed by the law in effect on the date the
14 rental-purchase agreement was entered into, and the former law is
15 continued in effect for that purpose.

16 SECTION 5. This Act takes effect September 1, 2017.